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# REA PRESS DIGEST

January 15, 1948

REA CHIEF RAPS PRIVATE POWER FIRMS-(St. Paul Pioneer Press) December 15--  
(Associated Press dispatch) Administrator Claude R. Wickard of the Rural Electrification Administration Sunday said the Nation faces a serious shortage of electrical power and declared private owner concerns are failing to do enough about it.

The shortage is particularly critical for rural areas, he said, because of their dependence upon overloaded urban generating units.

The administration said unless something is done to increase power generating capacity of the country, farmers' ability to produce food for needs may be seriously hampered.

Wickard hit at what he described as the "traditional lack of foresight which power company leaders have displayed in their estimate of the potentialities of rural electrification".

He said that with power shortages appearing in every section of the country, Charles E. Oakes, president of the EEI, has said "rumors" of an impending widespread shortage of electrical power are "unwarranted and untrue".

Wickard said "so long as that kind of thinking dominates the power company circles, it is obvious that rural areas are going to be severely handicapped."

The REA chief's statement was based on a special investigation of electrical supplies made by a committee of REA engineers and power specialists. The committee confined its investigation to the 11 States of Arizona, Colorado, Iowa, Kansas, Minnesota, Missouri, Nebraska, New Mexico, North Dakota, South Dakota and Wyoming.

(Similar stories in many newspapers)

REA'S CONSUMER LIST NEAR 2,000,000 MARK (Commercial Appeal, Memphis) December 2 (Associated Press story from Washington)-- Some time this week the 2,000,000th consumer will be connected to power lines financed by REA, the Department of Agriculture announced.

The first consumer received service in 1935, and REA-financed systems passed the 1,000,000 consumer mark during August, 1942... Approved REA loans to date total \$1,152,507,489, of which \$788,845,218 has been advanced to borrowers....



Of REA's expansion, Administrator Claude R. Wickard said:  
"The fact that we have applications for about \$300,000,000 in loans with new applications being received at the rate of \$20,000,000 a month speaks for the desire of the remaining unserved farmers for service and the great amount of unfinished work still ahead of us."

(Similar stories in many newspapers throughout the United States)

TWO MILLIONTH REA PATRON! (editorial in Gazette-Tribune, Sibley, Iowa, Dec. 11)--Aside from the post office department, we believe the REA has contributed the greatest service of any governmental function, to the people of this country.

Great credit must be given the present administration for the promotion of REA, authorized by Congress in 1935. However, both Democratic and Republican members in both Houses supported the measure.

On December 1, the 2,000,000th consumer was connected to power lines financed by the REA... The service has proven a great boon to farm families, who now have practically all the conveniences afforded city dwellers...

CONGRESS EYES TAX-EXEMPT CHURCH AND COLLEGE SIDELINES. Washington Daily News, Nov. 28--- Churches and universities...are next on Congress' list of tax-exempt corporations undergoing study....

The (Ways and Means Committee) early this month began a series of hearings looking toward possible revision of the basic internal revenue code during 1948 and 1949 "to plug up loopholes"...

Cooperatives were first on its list. So far 31 witnesses have testified on behalf of continuing co-op's tax advantages. Forty-two witnesses have opposed them. Both sides attended the hearings in force--the co-op officials in such numbers that committee members who earlier appeared in favor of revoking or diminishing the tax advantage granted to co-ops, lately have seemed to waver.

A committee vote on co-ops is not expected until January. The committee staff is seeking an acceptable legal formula which would distinguish between rebates which co-ops pay to their patrons as "adjustment in price" and what represents a profit from the co-op's operation.

Thus if a farm marketing co-op buys its members' potatoes at 72 cents a bushel when the market price is \$1, then later rebates 50 cents, the formula would hold that 25 cents was part of the purchase price but that the remaining 25 cents was profit from the co-op's warehousing and sales activity, taxable to the co-op as earnings.



IOWAN EXPLAINS NEED OF CO-OPS, Washington, Nov. 21 (Des Moines Register)-- Earl F. Wisdom, Des Moines, Ia., representing the Iowa Rural Electric Cooperative Association, testified cooperatives financed by the REA will be seriously crippled if income taxes are imposed upon them.

"The only way the farmers ever got electric service was and is through REA-financed cooperatives," Wisdom told the House Ways and Means Committee. "Nothing has ever been done which has raised the standards of living in rural areas as has the development of (these organizations)."

Another witness, Jerry Voorhis, representing the Co-operative League of the U.S.A., told the committee "you can't wipe out the inherent strength of cooperatives--which lies in the fact that they belong to the people whose needs they serve."

"I am firmly of the opinion," he said, "that the small businessmen who have been shoved to the front in the attack on co-operatives are quite unwitting tools of the very monopolistic forces that actually are today destroying the every opportunity for existence of small business."

The former Democratic member of Congress from California said about the only way to destroy a co-op... "is make it illegal to join a co-operative."

WEST POWER NEED GROWS (Arizona Republic, Phoenix, Ariz.) October 27 (Associated Press dispatch from Washington)---Western farmers' demands for power are surprising the Rural Electrification Administration.

The demand is so great, in fact, that officials are beginning to worry about power shortages.

Increasing use of electricity by individuals, plus new consumers who are being added to REA lines is over-taxing supply systems in many areas, one official said today in an interview.

"Farmers in the western States are using far more power than anyone ever believed they would," he said. "The use is increasing on the average of from 10 to 50 percent."

This official foresaw "spotty" shortages just ahead in all western States with the exception of California. "Not all REA's will be affected, but there will be some shortages in all these states," he said...

Figures of the REA show that electrification of farms in the West is proceeding at a rapid pace...

(Similar stories in many newspapers)



REA FUTURE HELD UP TO FARMERS, St. Paul Dispatch, Nov. 7--- The future of the REA is going to be up to the farmers and their local co-operatives.

This was the message brought to representatives of 19 Minnesota electric cooperatives meeting here....by Carl Hamilton, assistant administrator of REA...

The REA administrative force in the national capital is growing smaller and smaller, and more and more of the REA work in the nation must be left to the state and local cooperative organizations to do, if it is to be done at all, Hamilton said.....

O.K. \$5,300,000 POWER PROJECT, Washington, (Des Moines Register, Dec. 5)-- A \$5,300,000 project to step up and extend electric power to farmers in the north central area of Iowa was approved in Washington Thursday.

The project, largest yet approved for Iowa, is under the REA. Its over-all purpose is to build an additional generating plant and to provide the transmission lines necessary to carry electric power to the individual farmers.

The project involves \$2,786,000 for construction of a 15,000 KW steam plant on the Des Moines river, two miles southeast of Humboldt. Also \$2,388,000 for construction of 310 miles of new transmission lines, which will tie existing generating plants together and integrate the new steam plant into the system...

Eventually this cooperative will absorb the properties of the Central Electric Federated Cooperative Association of Pocahontas and the Federated Cooperative Power Association in Hampton...

SOUTHERN MARYLAND COOPERATIVE URGES POWER CONSERVATION, Waldorf, Md., Nov. 29 (Washington Star)-- Power supply facilities of the Southern Maryland Electric Cooperative are loaded to capacity and in critical condition, Forrest Coakley, general manager, declared. He issued an urgent request to consumers to reduce use of electricity wherever possible.

"Subscribers are particularly asked, "Mr. Coakley said, "not to use any lighting that is not necessary to health, safety and the protection of property." The critical hours are from 5 to 9 p.m. daily.

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WHO WANTS ECONOMY? (editorial Towanda, Pa., Daily Review), Nov. 5---A long step toward cutting the cost of the Federal government can be made without imperiling the national defense or any other essential expense. It can be done by the simple expedient of not spending tax money for purposes which can and should be carried on by private capital.

It was recently announced that current REA grants are at an all time high. REA's appropriation for this fiscal year came to \$225,000,000 and was second only to the \$250,000,000 it received in the fiscal year ending last July. There is undoubtedly a great deal to say on both sides concerning REA's virtues and vices. But the fact remains that the electric utility industry, in all parts of the nation, is perfectly capable of providing farm electrification as rapidly as possible, has put farm power services at the top of its list of going projects--and is doing the job without a penny of tax money and is creating new taxable assets for all units of government in the process.

The industry's program is designed to bring practically every farm in the country within easy reach of central station power in two years. The only factor that might delay completion of the program on schedule is material shortages. In any event, virtually complete electrification of rural America, by free, taxpaying, regulated, enterprise is definitely in sight...

(Syndicated editorial sent out by the Industrial News Service)

ELECTRICAL GOODS IN SCARCE SUPPLY, (New York Times) December 14-- More than 40 percent of the electrical supply and equipment lines handled by electrical wholesalers remain in critical or scarce supply, and only about 20 percent of the lines are plentiful, it was revealed here yesterday after a careful check of the latest reports from leading wholesalers...

Electrical products which continued critically short...were listed as rigid conduit, cedar poles, meters, neon transformers, industrial and commercial fluorescent and incandescent products on major brands, fluorescent ballasts, steel wire and cables, copperweld composite conductors.

Products which have eased included building wires, pine poles, fir crossarms, pin type insulators, electric motors in several types, control, switchgear, capacitors... Products in fairly easy supply include capacitors, instruments or panel type, time switches and bare and weatherproof wire...

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CO-OP COMPETITION LOOMS (Topics of the Day in Wall Street) Dec. 4, (New York Times)-- Nine Rural Electrification Administration co-operatives in Texas, unsuccessful in earlier efforts to obtain \$4,000,000 for construction of a power plant in that State, now are hopeful of receiving the funds because of more aggressive approaches to the REA.

All nine of the cooperatives are customers of the Southwestern Gas and Electric Company and the Texas Power and Light Company which have offered them power contracts up to 10 years at rates reportedly equivalent to those offered by the Federally operated Southwestern Power Administration. The power companies are voicing strong objections to granting of the loan in the hope that their alternative of a power contract will be accepted by the cooperatives.

ACTUAL COST DATA HELP RURAL SALES (Article in November 1947, issue of Electrical South)-- Glib statements about electricity being the cheapest hired hand on the farm are often wasted in trying to sell appliances, pumps and modern electrical appliances to the average farmer.

In a promotion to aid dealers who are selling farmers, the Kentucky and West Virginia Power Company has gathered time study statistics which translates electric equipment into dollar-cost per hour.

When a salesman can discuss one of the prospect's labor operations and show the actual savings the prospect will listen more attentively.

A time study on one farm showed that electricity at a cost of 18 cents replaced one man for one hour, and in eight months 245 manhours were saved at a power cost of \$44.10. With labor cost running 64 cents an hour, the net dollar saving was \$112.70.

Some of the other examples are:

Three quarts of milk will pay for the current to milk 350 pounds of milk a day and cool it.

Water can be pumped by electricity for about five cents an hour. The prospect for a pumping system asked if he can afford to work for five cents an hour.

Another pump selling illustration cites that one pint of milk per day will buy the power to pump water for 15 cows.

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Three bushels of potatoes will bring enough money to pay for the cooking on an electric range for a family of four.

One bushel of oats will pay for the power to grind 1000 pounds of feed.

One cord of wood will sell for enough money to cut 27 cords of wood.

Three and one-half bushels of shelled corn will pay for the cost of cutting up 100 tons of ensilage and blowing it into the silo.

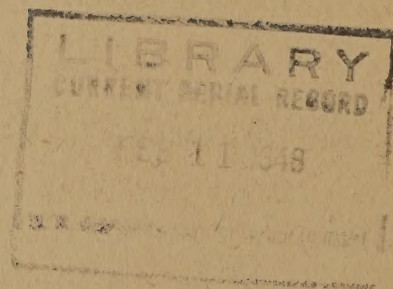
On a farm that has 300 hens, one egg per day will buy the electricity to light the henhouse in winter and this light will increase egg production.

Electric milking machines will cut milking time in half which equals 50 working days a year if the farmer has a herd of 15 cows. Automatic drinking fountains for the cows will add as much as 10 percent to the milk production and sterilamps in the barn will reduce the danger of contamination of cows by airborne disease.

In one instance where undependable pickup truck service resulted in milk spoilage, a milk cooler paid for itself in short order.

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January 21, 1948

REACH FARM 1,000, Albia (Iowa) Union-Republican, Jan. 1, 1948--The Chariton Valley Electric Cooperative Tuesday put light and power into the 1000th farmstead on its steadily-increasing lines.

Connected with REA as No. 1000 was the farm near Centerville operated by Delbert Foster and owned by S. E. Stites of Centerville.

Electricity was given a smiling welcome by Foster and his wife...

Energization of the Foster farm represented a major achievement for the manager (Ed Agans) and other members of the Chariton Valley staff--because the thousandth addition to the list of co-operators came less than a year after activation of lines started...

(In a year-end round-up story of progress in Albia the Union-Republican listed the progress of the co-op's rural electrification program as Albia's outstanding news story of the year.)

10,000th MTEMC USER TO BE TIED IN TODAY--Murfreesboro (Tenn.) News Journal, Dec. 10, 1947--The 10,000th consumer will be connected to the Middle Tennessee Electric Membership Corporation power lines today in celebration of the 11th birthday of that co-operative since the first electric lines were energized, according to Co-op Manager W. W. McMaster.

The first consumer received service in 1936 when the co-op was organized...Since that time it has expanded to include 10,000 active members and an estimated 2,000 more to be served within the next year.

...(During the past year) 200 miles of line were constructed and over 1800 new members received service in spite of acute shortages of material. Almost no rural residents in this area had electricity when the farmer-owned co-op was created in 1936...

(Editor's Note: The Middle Tennessee Electric Membership Corporation is the fourth REA-financed co-op to reach the 10,000 consumer mark. Others are Sho-Me Power Cooperative, of Marshfield, Mo., serving 13,181 consumers as of December 1, 1947; Gibson County Electric Membership Corporation, of Trenton, Tenn., 12,980 consumers; and Duck River Electric Membership Corporation, Shelbyville, Tenn., 10,255 consumers.



OZARK BORDER WAS ORGANIZED EIGHT YEARS AGO, Poplar Bluff (Mo.) Daily American Republic, Jan. 9, 1948--The Ozark Border Electric Co-operative, a home-owned REA co-op with its headquarters in Poplar Bluff, marks its eighth anniversary of actual operations today... The rural electric cooperative has grown out of a plan to electrify three small communities into a distribution system now serving an eight-county area in Southeast Missouri...

The co-op is now serving more than 4,800 members with a power distribution system comprising over 1,250 miles of line...

LOCAL REA ENERGIZES NEW LINE ON ANNIVERSARY, Wheatland (Wyo.) Times, December 25, 1947--Some 30 farm homes east and south of Wheatland will be added within a week to the list of rural consumers (served by the Wheatland Rural Electrification Association) when the REA energizes a line to a portion of Section F of the county-wide electrification project.

Coincidentally the energization of this new line falls on the exact 10th anniversary date of the local co-op which began "brightening" the lives of rural folks in the county December 24, 1937.

It was exactly 10 years ago today when the then newly organized co-op sent its first electricity out through its power lines and into the homes of its charter members on the Wheatland flats. Since that time the local REA has grown like Topsy. When it made its pioneer beginning, it had only 52 miles of power lines bringing electricity to 75 rural consumers. Today it has 235 miles of power lines serving 425 rural consumers, and has laid big plans for full area coverage of the entire county in the near future...

COFFEY REA IS EIGHT YEARS OLD AND A JOY TO FARMERS, LeRoy (Kans.) Reporter, December 19, 1947--The Coffey County Rural Electric Cooperative Association is eight years old today and has had a tremendous growth in a short time.

The line was energized Dec. 8, 1939 when the juice was turned on the short section, then completed near Burlington. The first REA loan was for \$120,000 to build 113 miles of line and serve 285 members. At that time prospective patrons almost had to be coaxed to sign up for electricity, but after the REA began operating, the situation changed, and for many months it was impossible to connect all of those who wanted on...

The REA lines now cover much of Coffey county and reach into the adjoining counties, bringing comfort and joy to hundreds of families...The Association now bills 1,180 customers and an



additional 100 should be added by the end of the month...Many delays in extending the lines have been caused by lack of material needed. Even now some material ordered in 1945 still has not been delivered, including copper wire...

(Similar stories in four other county papers.)

NORTHFORK COOPERATIVE COMPLETES EIGHTH YEAR, 2100 IN FOUR COUNTIES BENEFIT, Sayre (Okla.) Daily Headlight-Journal, Dec. 23, 1947--The Northfork Electric Cooperative of Sayre will complete the eighth year of successful operation Christmas Day. In this eight years of operation electric service has been made available to some 2100 consumers of Beckham, Roger Mills, Washita and Custer counties through this cooperative.

No greater contribution has been made toward the improvement of the standards of living to the rural people than that of electric service.

HOUSE REJECTS REA FUND HIKE, St. Paul Pioneer Press, Dec. 18, 1947 (Associated Press Dispatch from Washington)--The House refused Wednesday to write a \$200,000,000 outlay for rural electrification into the \$772,726,000 supplemental appropriation bill carrying \$509,000,000 for stop-gap European aid.

The vote was 81 for and 98 against.

Reps. Rankin (D. Miss.), Kefauver (D. Tenn.) and Jones (D. Ala.) sponsored the proposals and won practically solid support from the Democratic side of the House.

Opposition was led by Reps. Taber (R. N.Y.) and Keefe (R. Wis.) who contended that the Rural Electrification Administration has a balance of \$123,631,542 in unallocated funds.

Rankin denied that REA has any unallocated funds and declared that it had applications for loans totaling 157 million dollars.

Congress earlier this year voted REA \$225,000,000 for the year ending next June 30.

(Similar stories in many other newspapers)

OUTLOOK FOR NEW STATE UTILITY LAWS IN 1948, Public Utilities Fortnightly, Jan. 15, 1948---....Although the controversy over taxation of cooperatives will continue in the states as well as at Washington, little action on this subject appears probable in State capitals during 1948 when, with important elections coming up, there will be



much sentiment to avoid highly controversial issues where possible.

Unsuccessful efforts for elimination of tax exemption privileges enjoyed by cooperatives in competition with private business were made during the past year in several States, including Kansas, Maryland, North Carolina and Wisconsin. Ohio's legislature, however, enacted a bill requiring farm cooperatives and other non-profit organizations to pay the same franchise taxes as profit corporations....

EMP PROPERTIES TAKEN OVER LAST WEEK BY RURAL ELECTRICS, Braham (Minn.) Journal, Dec. 13, 1947-- In the largest financial transaction ever consummated in this area and the largest of its kind ever handled in the midwest, the Eastern Minnesota Power Corporation last week became the property of nine rural electric cooperatives including the East Central Electric located in Braham...

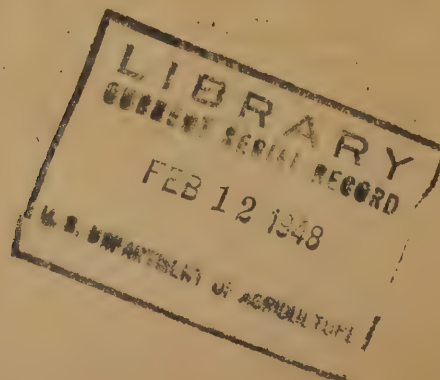
The various stations formerly serviced by the EMP have been assigned to the rural electrics adjacent to the respective territories (of the co-ops)... The agreement reached early last summer between the EMP and the rural electric associations for the EMP purchase met several objections, which made necessary a court hearing. Federal District court in Duluth, before which the case was tried, rendered a decision favorable to the cooperatives last month and negotiations were finally concluded last week in Chicago.

... The acquirement of the Eastern Minnesota Power Corporation, which served 36 villages and farm lines thru its main offices maintained at Pine City, means the addition of 6000 consumers to the more than 20,000 now served in 15 counties by the nine rural electric associations.

The transaction was negotiated by a cash purchase price of \$1,530,000. An additional \$2,000,000 is definitely earmarked for improving and extending service...

(Similar stories in other Minnesota newspapers.)

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# REA PRESS DIGEST

March 4, 1948

WHAT POWER SHORTAGE?, Fortune Magazine, January, 1948, issue--How can a nation that last year generated more electrical power than nearly all the rest of the world combined--slightly over 300 billion kilowatt hours--have a power shortage? The U.S. is demonstrating that paradox this winter. It isn't exactly a shortage. It is something weird and wacky and decidedly uncomfortable in places, and it could happen only in the U.S.

The power industry calls it a "tight situation". Its engineers explain that the industry moved up on its peak load in December with only an estimated 5 percent margin of reserve generating capacity for the country, as against a normal 15 to 25 percent. Reserve must be maintained because power cannot be stored against breakdowns or unforeseen demands. This means that power is working on the thinnest margin in its history.

How come? It goes back, as most things do, to the war. The power industry met the tremendous demands of war by pushing its equipment to the limit, dispensing with much routine maintenance and linking whole systems into emergency power grids for flexible use of all power available. It was forced to forgo all forward building of new capacity... At war's end the industry not only was far behind on new capacity but faced a mountain of repairs on exhausted equipment. This would have been tough enough but in addition, both industry and federal power exports misjudged, with remarkable unanimity, the postwar market...

The demand for power not only held up but increased at a rate that bowled over the experts. Before the war, power consumption showed a consistent growth of about 10 percent a year; but from 1945 on it nearly doubled 1939 output. By the end of 1947, use of electricity had climbed from a prewar average of 950 kilowatt hours per family per year to over 1,400. At the same time new residential customers were being linked into power lines at a great rate--over two million last year and about 75 percent of these were rural.....Everywhere the need for power burst through the most careful estimates and served warning never to underestimate the American economy.

By 1946, the power industry belatedly saw that no ordinary building program would do...The industry...laid out a five-year construction plan, starting with 1947, that dwarfs anything that has gone before. By 1952 it will add about 15 million kilowatts, or over 37 percent of the total installation constructed in the industry's previous 65 years. The new capacity will cost some 5 billion dollars...And if the



present power load continues to grow at its present pace, even this huge program may be inadequate by 1951. The industry itself figured that it would have an 8 percent reserve at peak this winter; but drought in hydroelectric areas and increasing load demand forced that figure down. The margin is so slim that any unusual breakdown or combination of bad weather conditions could throw power into visible shortage.

Unless there are extraordinary equipment failures, probably few will be aware of any shortage. The industry is riding out the winter by performing some heroic manipulations, cutting voltages here and there, and juggling industrial loads. To householders, a 5 percent cut in voltage on daily peaks--which saved one utility system over 100,000 kilowatts of capacity in one peak hour a day--is hardly perceptible...

The pinch is really felt in industry. Texas' big irrigation projects and mushrooming oil and chemical industries barely squeaked through last year...(Other examples of industry curtailment were given for California, Florida and New York.)

No area is exempt. Power is tight everywhere, in the Northeast as well as the Northwest, in the Southeast as well as the Southwest... Power companies in Illinois, Indiana, Missouri, Wisconsin and the Dakotas are considering rationing. For lack of power no more big industries...can move into upper New York State's Niagara area... Perhaps the tightest of all is the Pacific Northwest, where power is dominated by the huge federal hydroelectric projects, and even private utilities have called upon the government for expansion. Critics not so long ago were wondering who would use all that power, but the Northwest is now actually turning away new industries for lack of it.

The power industry expects its crisis to ease off in 1948, with the delivery of almost 5 million kilowatts in new capacity, and by 1949 it expects to move onto safer ground. But even for 1948 it estimates a reserve capacity of only 8 percent overall. So it will be touch and go for at least another year....

THE YEAR AHEAD, Electrical South, January, 1948, issue--(By Charles Oakes, President, Edison Electric Institute) Highlights of 1947 in the electric utility industry were the heavy growth of power consumption, a record increase in the number of customers, the successful meeting of increased power demand without serious difficulty, and the sharp rise in the last quarter of the year of deliveries of generating equipment in quantities exceeding the rate of growth of power consumption.

Of long-term, far-reaching import was the beginning of a five-year construction program to keep ahead of the enormously expanding load growth, and re-establish normal reserves of generating capacity which had been depleted by the long diversion of electric manufacture to war needs.



OUTLOOK FOR 1948--The continued high rate of sales of electric appliances, the completion of new factories, and the increase of homes...indicate a continued high rate of expansion in the use of electricity in the coming year...The percentage of reserves for the country as a whole is expected to increase from about 5 percent to about 8 percent. Some areas, however, are expected to continue to be hard pressed for generating capacity during the summer peak load season and possibly a few will be short of reserves in December, 1948.

Total output of electricity in 1947 from all generating sources in the country passed 305 billion kilowatt hours....

Over 2 million new customers came on the power lines in 1947, making the largest increase in any one year of the industry's history... The total number of customers at the end of 1947 was approximately 38,400,000.

About 500,000 additional farms were added to power lines during the year, bringing the total to over 3,800,000 farms served with electricity, or 68 percent of the nation's occupied farms...

WICKARD ACCUSES POWER INDUSTRY, New York Times, January 20, 1948, (by John Callahan)---Contrary to the usually dispassionate reports of Federal agencies, REA, in its report for the fiscal year ended June 30, 1947, filed last week with Congress, charges that the private power industry has tried to influence Congress and state bodies to pass legislation that would cripple the REA's efforts to electrify rural America.

"During the past year the power companies paid lip service to the program and its ideal of electricity made available to everyone, but at the same time, through both open and covert action, they attempted to strike at its heart," Claude R. Wickard, REA administrator, told Secretary of Agriculture Anderson.

While these charges were being read by Congress, the industry completed an exhaustive study of the 13-year-old agency that has made possible, through the extension of more than \$1,000,000,000 of loans to electric cooperatives, the electrification of almost 2,000,000 farms.

Specifically the industry, through the Edison Electric Institute, looked quizzically at President Truman's budget request for increasingly higher allotments to the REA during the coming years, and expressed consternation in the light of the industry's findings that there are only about 235,000 farms to which power could be extended by REA. "Where then," the utilities ask, "is the new REA money to go?" The money referred to is the \$185,000,000, \$305,000,000 and \$325,000,000 requested by the President for the respective fiscal years 1947, 1948 and 1949...



As the utilities see it, at the end of last year, there were only 1,000,000 occupied farms to which electric service had not been made available. Of that 1,000,000, about 300,000 lie within territories served by private power companies, municipal systems and other non-REA power groups, "where there is no opportunity for REA co-op development." Further, the power companies assert construction plans for connection of 140,000 of the 300,000 this year. Some of the balance of 160,000 "are so scattered as to be beyond practical reach of power lines," they declare.

Of the 700,000 occupied farms that have not been reached by power lines, and that are not in territories served by private companies, a total of 465,000, private power men estimate, had received allotments at the end of 1947, leaving a balance of about 235,000 farms not covered by REA allotments. Many of the 235,000, it was estimated, also are beyond the practical reach of power lines.

Answering their own question about the large amounts of money recommended by President Truman for allocation to the REA, the utilities alleged that the EEI study of REA's report for the fiscal year ended June 30 last indicates that a substantial amount of the funds could be used only for "heavying up" existing facilities..."Part of it," The EEI avers, "is swallowed up by higher costs...."

In his report, REA administrator Wickard said that despite the unparalleled progress made during the 12 months to last June 30, the agency could not keep pace with the vast demand from "rural people who are still waiting impatiently for...service. During the year, REA approved loans totaling \$251,349,000 to finance facilities which will bring service to 396,000 new rural consumers...REA-financed cooperatives and rural power districts added 294,294 consumers to their lines, raising the total on REA-financed lines to 1,834,000."

...Mr. Wickard also pointed out that "2,225,000 farms and perhaps an equal number of non-farm rural establishments" are still without electricity...

FARM MARKET CALLED ECONOMIC VACUUM, Rural Marketing, Curtis Publishing Co., February, 1948 issue--Unprecedented wiring of rural America in the last decade has created an "amazing economic vacuum" for the sale of electrical appliances, declares Electrical Merchandising in its 27th annual statistical and market planning issue.

So impressed is Electrical Merchandising with what it terms a "vast new market" that a substantial section of its special issue be devoted to analyzing the farmer's purchasing power and the distributor's function in selling and servicing this market.

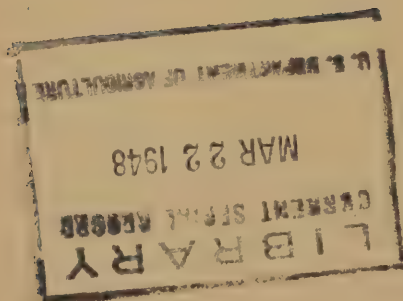


"The farm market for appliances is as glorious a dawn of demand for the industry as anything that Hollywood ever put into the movies," Tom F. Blackburn writes..."Here is an economic vacuum that sounds like something out of a book. Here is a market that puts off saturation for a decade. There is no need in telling how the farm income has been these last few years, how the farmer is rolling in dough... Farm indebtedness has been largely wiped out..."

The survey shows that while farmers and their wives are pretty well sold on home appliances they see in the city shops, there is a big job to be done educating and selling the farmer on how to apply electricity to do his job, through work appliances...

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# REA PRESS DIGEST

March 30, 1948

ELECTRICITY BOOST FOR FARMS SOUGHT, St. Paul Minnesota Pioneer Press, March 3--A drive for a nationwide era of power abundance to speed electrification of farms and factories was launched Tuesday at a statewide REA meeting in St. Paul.

Power abundance is needed by farmers to achieve an economy of agricultural abundance, it was declared. The campaign may be taken up at the nationwide convention of rural electric cooperatives meeting next week in Chicago.

Asserting there is in Minnesota and throughout the nation a general power shortage, the Minnesota meeting urged rapid electrification of 65,000 farms in Minnesota and 2½ million farms nationally that are still in the "black out" class. Current oil shortages spurred the interest in developing uses and sources of electric power...

Minnesota's move into the forefront of what is planned to become a nationwide campaign for more abundant power is the latest of several factors developing Minnesota leadership of REA...

The move to speed electrification would step up further a farm modernization process... An "economy of abundance" for agriculture is often advocated and has wide favor among farmers as well as others. But the abundance concept that is so frequently applied to agriculture was broadened Tuesday and was applied directly to electric power. Abundant power, farmers said, would help abundant agricultural production because electricity now can enter into farm production in so many ways.

REA HELPS TO SELL PROPERTIES, Sioux County Capital, Orange City, Iowa, January 22--Real estate dealers are learning that farms served by an REA cooperative are considerably easier to sell than those without service.

A farmer who is interested in securing his own farm usually asks first: Does it have REA service? A glance at any "Farms for Sale" column will show that when a farm is listed for sale and if the place is on an REA line this fact is always mentioned.

Landlords are also discovering that it is harder to rent a farm without electricity. Good tenants are hard to keep unless they are living on a farm wired for electricity, since most of them have their own electrical equipment.



Real estate values are increased when REA service is available and landlords are able to find better tenants for their farms when they wire the farms for REA service.

REA TO LOSE ITS GOLDEN CHANCE, PRICHARD TELLS SENATE HEARING, Louisville (Ky.) Courier-Journal, March 5--REA will lose its golden chance for expansion in Kentucky unless electric cooperatives are removed from jurisdiction of the Public Service Commission, Edward F. Prichard, Jr., Lexington, charged today in a hearing (at Frankfort) before the Senate Rules Committee.

Prichard, counsel for the Kentucky Association of Rural Electric Cooperatives, said commission policy has affected REA adversely in three respects.

They are:

1. That private utilities have been allowed to serve the cream of rural areas.

2. That the commission has failed to take affirmative action to force public utilities to reduce the wholesale rate on power sold to cooperatives.

3. That the cooperatives believe the commission never will grant them permission to build their own generating plants and transmission high lines.

...Charles W. Whittle, Brownsville, Republican Chairman, and Cass E. Walden, Edmonton, Republican member, denied that the commission has discriminated against REA in spirit or in letter. On the contrary, they asserted REA has prospered under jurisdiction of the commission.

Whittle said the bill under consideration would remove REA co-ops from jurisdiction of the courts.

"If H.B. 140 passes," Whittle said, "the banker who refused a loan to the manager or director of a cooperative, the neighbor who kills his dog, or the voter who opposes his choice in a School Board election may have his lights cut off without warning...If this bill becomes law, co-ops may grant or deny service to whomsoever they please; they may charge one customer a high rate, another a low rate..."

"It (the bill) invites an orgy of favoritism, chicanery and freebootery far beyond that which characterized the railroads in the worst part of their early days," Whittle declared.

...Prichard charged that lassitude of the commission is responsible for the fact cooperatives must pay private utilities 11 mills for wholesale power as contrasted to 7 1/2 mills charged by the Alabama Power Company, Duke Power Company and Georgia Power Company...

Over



USE OF ELECTRICITY IS AN INVESTMENT, AND NOT A LUXURY, Indiana Farmers Guide, Huntington, Indiana February 15, 1948--According to the latest figures only 14.6 percent of Indiana farms are without electricity. Many of these have energy available but as yet have been unable to wire and connect the buildings...

Many farmers have the idea that electricity is a luxury and try and keep the bills as low as possible. It is better business to see how much energy may be used constructively as the more electricity used the less the amount of labor is required. Electricity is found on many farms but it still does not accomplish the things it is capable of doing.

The average farmer spends about one-third of his time around the buildings...On a wide variety of the tasks done around the buildings the proper use of electricity will cut the amount of labor materially.

Five cents of electricity will pump 400 pails of water... Experience has shown that a water system should supply 25 to 40 gallons of water daily per cow, 2 gallons per pig,  $2\frac{1}{2}$  gallons per 100 chickens and 25 gallons for each member of the family.

On the average, electricity will pump water for a penny an hour... An electric water system in the farm home will save an average of 28 eight hour days each year.

A water system will save much labor but there are other advantages also. A plentiful supply of water in the poultry house often increases (egg) production up to 10 percent. Water cups and plenty of water mean from 10 to 20 percent more milk. A good water system also means better fire protection and better health for family and livestock.

On a dairy farm in Vermont the time saved in pumping water was an hour a day...The labor was valued at 50 cents per hour and amounted to \$182.50 per year. The pump cost \$125 and the cost of operation was \$7.20 for the year. It can easily be determined that the cost was more than saved the first year.

In Northern Illinois the farm customer has a rate of two cents per KWH per month. With this company more than 10 percent of the customers use more than 5000 kwh per year. Ten farms were surveyed where the annual consumption ranged from 5318 kwh to 20448 kwh per year. They had 34 pieces of electric powered farm equipment and 27 home appliances in use on these farms...

From these data it is seen that there is an opportunity of increasing the amount and kinds of electrical appliances found on the farms...



MEDAL TO DR. PERSON, New York Times, Feb. 7, 1948--Dr. Harlow S. Person, New York consultant in business economics and management, was awarded last night the gold medal of the Comité International de l'Organisation Scientifique (International Committee of Scientific Management) at a dinner in his honor sponsored by the National Management Council...

Dr. Person was cited for the medal at the Eighth International Management Congress held in Stockholm, Sweden, last July. Prof. Erwin H. Schell, of M.I.T., who represented Dr. Person at the Stockholm meeting, made the presentation following an address by Morris L. Cooke of Philadelphia, a (former) associate of Dr. Person in the Rural Electrification Administration.

FARM GROUP SEEKS PASSAGE OF RURAL TELEPHONE BILL, Richmond (Va.) Times-Dispatch, Feb. 27--Farm leaders here yesterday urged passage of House Bill 327 which would permit cooperatives to enter the telephone business at a public hearing of the House Committee on General Laws.

Led by H. G. Blalock, vice-president of the Virginia Farm Bureau Federation, they asked the General Assembly to provide the cooperative organizations with authority to expand telephone service into regions not serviced by existing telephone companies.

Opponents to the measure were Arthur W. Harrison, general commercial manager of the Chesapeake and Potomac Telephone Company, and Stanley Owens, of Manassas, a practicing attorney who represented independent telephone firms in the State.

Mr. Blalock and M. A. Hubbard, secretary of the Federation, pointed out that a large percentage of the farm homes in the State are without telephone facilities.

Both opponents of the bill acknowledged that a shortage of material and skilled labor delayed the rural telephone expansion program...

CO-OP PHONE PLAN APPROVED BY DELEGATES, Richmond (Va.) Times-Dispatch, March 4,--The House of Delegates gave its approval yesterday to the Whitehead bill enabling electric cooperatives in the State to engage in the telephone business. The vote was 74-11.

Floor discussion of the measure brought some opposition, based chiefly on the fear that the Federal Government might be competing in a private enterprise under loans which would be made through REA...

FARMS' ELECTRICAL ADVANCES UNDER REA NOTED BY KIRWAN, Youngstown (Ohio) Vindicator, February 22--Rep. Michael J. Kirwan (D.Youngstown) is lauding the recent report of REA for what it claims to have done for Ohio farmers.

At the present rate of rural electrification progress, a farm home without electric service from a central power station will be a rare sight in Ohio, or elsewhere in the United States, in another decade.



The REA says the facts show clearly what has been accomplished since it came into being in May, 1935...

Briefly here is the story REA has to tell (Kirwan):

Shortly before it arrived on the scene, Ohio's farms receiving electric service from a central generating station numbered 48,048 or only about 19 percent. But as of July 1, 1947, the total was 198,512 farms or roughly 90 percent of Ohio's farms...

While more than half of the some 2,800,000 additional farms in the nation receiving electric service since 1935 are connected to REA-financed lines, private power agencies also have greatly extended their activities in this regard.

But Kirwan is of the opinion that REA's existence has prodded private firms to "keep on the ball".

If President Truman has his way--and Kirwan will lend a helping hand to see what can be done--the REA program will be enlarged. The President wants it to have authority to lend \$300,000,000 for the improvements and extension of rural electric lines in the 1948 fiscal year...

(Similar stories in 28 papers in 12 states)

DECADE OF ELECTRIC PROGRESS CELEBRATED, Denton (Tex.) Record Chronicle, February 22--Ten successful years of brightening the lives of rural folks in Denton, Colin, Grayson, Cooke, Wise and Tarrant counties was observed on Friday, February 20, by Denton County Electric Cooperative. It was 10 years ago on that date when the co-op sent its first electricity out...

Since that time the co-op has grown like Topsy. When it made its pioneer beginning it had only 500 miles of power lines bringing electricity to 823 rural consumers. Today it has 833 miles..Serving 2,500 rural consumers...

The directors have big plans for the co-op's future operations. The co-op is going forward with expansion plans which include 215 miles of new construction adding 532 new consumers...

POWER DISTRICT OBSERVES EIGHTH ANNIVERSARY, Butler County Press, David City, Nebraska, March 4--Saturday March 6, will mark the eighth anniversary of the Butler County Rural Public Power District.

Great strides in electrifying the rural area have been made since 1940 when the District started by energizing 80 farms. The District is now serving 1,240 rural consumers with plans laid for adding 350 more during the present year...

"Hot water heaters, electric stoves and refrigerators are being added to our lines at an average of 10 per month. Kilowatt consumption



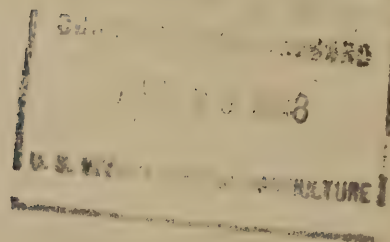
has increased from an average of 60 kilowatts to 180 kilowatts per connected farm," Mr. (Otto) Kritz, (manager), said...

ANNUAL REPORT OF DELAWARE CO. ELECTRIC COOPERATIVE, Republican Express, Delphi, New York, March 4--With the completion of 40 miles of new line during 1947 the Delaware County Electric Cooperative, Delphi, New York, raised its total mileage to 421 miles with 1,070 members connected and for the first time in its history, had everyone connected who desired service and who was within service distance of a co-op line.

From now on, service applications can be given immediate attention instead of being filed away for future action. Co-op officials find it difficult to get used to this situation when they realize that only three years ago the co-op had just 194 miles of line serving 229 members and had nearly 800 applications for service then on file...

The fact that average usage is high here, being 2,126 per member annually against a National average of 1,786 kwh per member, helps make it possible for the Delaware co-op to sell power for a figure only 12 percent above the national average while paying 48 percent more for power than the average REA co-op in the country...

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# REA PRESS DIGEST

April 12, 1948

PRESIDENT TRUMAN CALLS REA COOPERATIVES "DEMOCRACY IN ACTION", Chicago (A. P. dispatch in New York Herald Tribune) March 9 -- President Truman said-Monday that rural electric cooperatives are "demonstrating democracy in action", in a letter read at the opening session of the annual convention of the National Rural Electric Cooperative Association.

Officers and managers of 754 rural electric systems from 42 States are here for the three day convention.

"Since the earliest days of our history our people have banded together to do the things that individuals could not do separately," Mr. Truman wrote. "You are demonstrating democracy in action as you bring electric power into rural America."

Secretary of Agriculture Clinton P. Anderson, in a similar message, expressed belief that the association is "in a position of leadership in achieving the goal of low-cost, dependable electric service for all rural people."

The convention later was told that seven bills are pending in Congress "by which the power companies of America are determined to control" electric supplies to rural electric cooperatives. The statement was made by Clyde T. Ellis, of Washington, executive manager of the Rural Electric Cooperative Association.

Power companies, he asserted, "seek absolute control of all our wholesale power sources. The only effective weapon in power company regulation is rate competition," he added. "That is why the power companies are after us so desperately--not because we compete for the same customers, but because we show them up in their rates, we show up their profits."

WICKARD HITS FOES OF CO-OPS, Chicago, March 9 (United Press dispatch in the St. Paul Pioneer Press) --- Claude R. Wickard, chief of the REA, lashed out Tuesday at commercial power companies who he charged are attempting to "destroy" power cooperatives.

Delivering the principal address at Tuesday's session of the National Rural Electric Cooperative Association's sixth annual convention, Wickard declared that the association and the REA must join forces to prevent "commercial interests from taking over".

"Many of the commercial power companies have little interest in extending rural lines into the thinner territories but they would like to sell electricity wholesale at their own price to those who have extended or are extending the service," he said.



605 MILLION ASKED FOR RURAL ELECTRIFICATION, Chicago, March 11 (Associated Press dispatch in St. Paul Pioneer Press) -- The National Rural Electric Cooperative Association Wednesday called upon Congress to appropriate 605 million dollars to "complete rural electrification".

The request was contained in a resolution approved at the association's annual convention...

The 605 million dollars would be in part a deficiency appropriation for this fiscal year but primarily would be applied to fiscal 1949, the resolution said.

Congress was also requested to make more funds available for the building and maintenance of rural telephone lines, for construction of power transmission lines, and to approve the St. Lawrence seaway-power project.

The association also said there is "a serious power shortage" in the Pacific Northwest... Specifically, the resolution said consumer facilities at the Bonneville projects and in the Southwest Power Administration were inadequate. Congress was "urgently" requested to appropriate funds for these.

The association opposed changes in the rate-regulation power of the Federal Power Commission...

AGRICULTURE DEPARTMENT FUNDS CUT, Washington Post, March 17 -- The House Appropriations Committee yesterday voted a mild \$26,911,027 cut in the operating funds for the Department of Agriculture for 1949...

It jumped the Rural Electrification Administration's program one-third by voting authority for REA to make loans up to 400 million dollars. The budget estimate had asked for 300 million. REA was limited to 225 million dollars for loans this year...

DEFICIENCY BILL PASSES HOUSE, Washington Post, April 2 -- The House yesterday voted \$324,107,000 in deficiency appropriations for a dozen Government agencies.

The roll call vote was 339 to 3. It came after the House increased the REA's loan authority from 300 million dollars to 400 million dollars...

(Editor's Note: The President on March 15 asked the House to amend the 1948 fiscal Agriculture Department Appropriation Act to give REA lending authority for \$400,000,000 during the present (1948) fiscal year as compared with \$225,000,000 so far approved. This would be a deficiency lending authorization of \$175,000,000. The House Appropriations Committee recommended \$75,000,000, which the House increased to the original amount requested.)



TWO-THIRDS OF AMERICAN FARMS NOW ELECTRIFIED, Bird City, Kansas, Times, April 1 -- Nearly two-thirds of the farms of this country are now electrified and the advantages of electric service are being made available to approximately a thousand additional farm families each working day. So said Claude R. Wickard, Administrator of REA, at a banquet closing the State-wide meeting of REA-financed co-operatives at Great Bend last Friday, March 26th...

Another speaker at the banquet meeting was Frank Arthur, engineer of the State Corporation Commission, who stated that during 1947 the REA cooperatives for the first time had exceeded the private companies in the number of rural farmsteads hooked up. This acceleration in the REA program in the state is a good omen for Western Kansas where the greatest possibilities for development lie...

ELECTRIC SUPPLY TO FARMS TALKED, Alexandria, La., March 25 (story in New Orleans, La. Times Picayune) -- An executive meeting of the Louisiana Electric Cooperative was held today for the purpose of devising ways and means of supplying electricity to farmers and people of the rural areas at the earliest possible date. Thirteen managers of cooperatives attended the session and T. E. Stevenson, Homer, presided.

Also discussed was the installation of generating plants and transmission lines to make service available to all of the cooperatives within the state.

TAFT IN NEBRASKA URGES REFORMS TO AID FARMERS, Grand Island, Neb., April 5 (Associated Press dispatch in the Washington Times-Herald) -- Senator Taft came out tonight in favor of bigger government payments for soil building programs.

In a major farm policy address... Taft also:

1. Said the farm cooperative systems should "be sufficiently developed so no one can take advantage of the individual farmer."

2. Called for "steady expansion of rural electrification to every farm" even though it means "in some of the more remote districts a subsidy from the federal government will be required."...

NEW ANOKA PLANT ELATES POWER CO-OPS, St. Paul Pioneer Press, St. Paul, Minn., April 1 -- Building up the new six million dollar REA power plant in Anoka County will mean the breaking of the farm power shortage and boosting agricultural production in a central Minnesota area of 12 counties and 20,000 farms, it was disclosed...

The new modern steam turbine plant got the green light with approval by Administrator Claude R. Wickard in Washington of a loan of \$2,340,000 (to the Rural Cooperative Power Association, Maple Lake, Minn.) to finance construction of the first of three power units, and the building of 30 miles of electric transmission lines...



Announcement of the official O.K. for the project is big news for the farmers and business of the entire area, O. N. Gravegaard, of Hawick, Minn., president of the Rural Cooperative Power Association, said.

Harry Edmunds, president of the Minnesota Electric Cooperative,... said that the agricultural production of the entire area will be given a boost by the greater supply of power, the shortage of which has been handicapping dairy and other farmers. The lower cost of electricity will also be of great benefit, Edmunds said.

...Close studies have been made of utilizing various fuels including North Dakota lignite and also Minnesota peat in the new plant. Thus far North Dakota lignite appears to be the most efficient in terms of cost per BTU. Savings of close to 50 percent from the high costs of power production in small diesel generators is expected...

Construction of the first unit of the big new plant is expected to require about  $2\frac{1}{2}$  years...

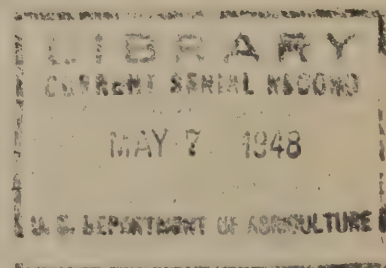
NORTH PLAINS ELECTRIC CO-OP MEMBERS ATTEND ANNUAL MEETING, Ochiltree County Herald, Perryton, Tex., January 15 -- A very successful annual meeting of the North Plains Electric Cooperative...saw the election of officers, the adoption of three amendments to the by-laws, and the introduction of several State and national REA officials.

Principal speaker for the occasion was Mrs. Dora B. Haines, of the education division, national REA headquarters. Mrs. Haines pointed out the growth of the REA program... "The REA movement is part of a great people's movement," she said. "And with the support of the people we have seen it grow from a humble beginning in 1935 to its present size..."

CELEBRATE ENERGIZATION OF REA LINES, Glasgow (special dispatch in Great Falls, Mont., Tribune, March 9) -- "Come on over and see our lights" was the theme of the open house at the Olaf Larson farm home two miles east of Opheim when power from Fort Peck dam went over the lines of "A" section of the Northern Electric Cooperative.

The Larsons were the first to receive the power...

The Northern Electric takes its power from the Bureau of Reclamation... east of Nashua. The present energized section is but a fraction of the area planned for full service...



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# REA PRESS DIGEST

May 27, 1948

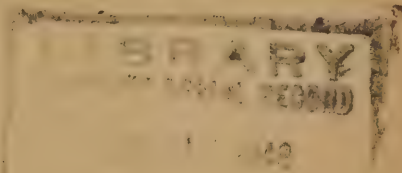
**ELECTRIC POWER SUPPLY TO FARM CUSTOMERS** (A Review of the Situation Today), Edison Electric Institute Bulletin, February 1948,-----  
Year-end reports show that with very minor exceptions the power requirements of all farm customers of the companies, both whole-sale and retail, were supplied through 1947. Reports showed that the power companies, which supply 500 of the approximately 900 REA cooperatives, met all their contractual obligations and took on a substantial number of REA contracts where municipal systems or very small companies had not been able to take care of the growth of load. Only in five cases were companies not able to accept without deferment additional REA contracts for power....

Where the companies saw themselves short on reserves during peak load periods or drouth periods, they made cooperative arrangements in advance with industrial customers to shift the hours of use off the peaks and to cut off interruptible power. The reports have certainly shown that the companies were especially careful to assure a full supply of power to the farms.

The following facts and figures readily show why the power industry, in most instances, could assure a full supply of power to the farms in 1947 and will be able to do so in the future. The 6 billion kwhr sold to about 3,800,000 electrified farms, leaving out 3 billion sold for pumping which also was supplied, represented only 3 percent of the power sold to all consumers in the United States.

The margin of capacity over noncoincident peak load in December, 1947, was 5 percent. Due to interconnections and well coordinated operations, there was practically no curtailment or voltage reduction during the December peak load season. That small voltage reduction and curtailment which was in operation was of a precautionary nature by companies not knowing how high the peaks might go.

Our studies indicate that in the territory west of the Mississippi and east of the Rocky Mountains from Canada to the Gulf of Mexico there will be narrow reserves of generating capacity in most of the area during 1948. The situation will be generally improved, however, over 1947 and the estimates indicate that the load will be carried in every area. The operating forces, however, will be under tension to keep every generating unit ready to function at all times, as was the case last year.





The estimates indicate that all over the United States there will be more comfortable reserves by 1948. By comfortable it is meant that operating forces will have more leeway to plan their maintenance and deal with unforeseen outages. By 1951 it is expected that normal reserves (15 percent) will have been restored...

(Editor's Note: These statements and conclusions do not agree with reports to REA.)

REA DELEGATES ARE WELCOME GUESTS, editorial in Louisville (Ky.) Courier-Journal, April 13 -- Louisville cordially welcomes the meeting of REA cooperatives here this week. The welfare of Kentucky, including this community, depends in large measure on the welfare of the farmers, and the farms of Kentucky can hardly flourish without the benefits of cheap electrical power. If the history of the last 15 years has demonstrated one fact past dispute, it is that farmers must have cheap and abundant power to keep pace with modern production and marketing techniques. The record also shows that REA offers, in most cases, the only sure means the farmer has of obtaining such power quickly and economically.

These truths are curiously ignored in the Kentucky legislature, which is otherwise sensitive to the needs and wants of the State farm population. In the recent session of the General Assembly, REA cooperatives proposed two measures designed to widen the scope of REA activity in the State. One was controversial. The other was not openly opposed. Neither of the measures was passed, and one died of a strange committee strangulation in the Senate after it had been passed by the House and been once reported out of the Rules Committee for Senate Action.

This record is not to the credit of the Legislature.

With the completion of Wolf Creek Dam, and the already-available power from Gilbertsville Dale, State cooperatives may soon have at their disposal more cheap power than they had hitherto dreamed of. This power will be worthless to the co-ops if they are denied access to it, or are hampered in the distribution of it by legislative opposition and arbitray rulings from the Public Service Commission.

REA SURVEY SHOWS FARMER WANTS WIDE VARIETY OF APPLIANCES.

January 1, 1948, issue Electrical Merchandising---Appliance surveys by REA co-ops give some idea of the wide variety of equipment which farmers want and are buying, according to the Rural Electrification Administration.

Two comparative surveys made in Greene County, Iowa, one in 1945, when the co-op was serving 2,100 members, and a later one in May, 1947, when it served 2,600, show the steady increase in the number of electrical appliances purchased by rural families. The surveys show that the number of co-op members who owned refrigerators had increased from 1,268 in 1945 to 1,567 in 1947. During the same period the number of electric ranges rose from 168 to 338; water heaters increased from 123 to 311 and farm freezers from 0 to 50. The 1947 survey also showed substantial gains in a number of other items, including tool grinders, air compressors, lathes, emery wheels, soldering irons, saws, grease guns, clippers, drills and paint sprays.

Past experience has shown that every dollar invested in expanding rural electric systems has stimulated rural consumers to spend \$4.50 for wiring, plumbing and electrical appliances.

The rural market poses special problems and obligations along with the splendid opportunity for profit. It cannot rightly be regarded as a mere extension of the city market.

For example, farmers who buy electrical equipment must be assured of maintenance servicing which will enable them to keep the equipment in use. The dealer who enters the rural appliance field must be prepared to give that maintenance service over a wide area.

Here are some of the ways that REA-financed electric systems can help dealers and manufacturers of electric equipment.

Many REA co-ops have conducted appliance surveys which show the buying intentions of consumers, market saturation, and various applications of power use for the farm home and for farm production. These surveys are available to responsible business firms.

Display space is available in a large number of co-op offices for use by dealers on a rotation basis. This enables dealers who carry various lines of established merchandise to take a turn at displaying their products.

Another service which REA-financed lines often provide to reputable dealers in their area are lists of their consumers, plans for new construction and prospective dates for connecting new power users.



ELECTRICITY STEPS AHEAD. National Grange Magazine, Article by W. J. Neal, Progress of rural electrification during the last dozen years is a striking example of what farmers working together can accomplish.

Nearly two million rural families are organized together in the rural electrification program. More than 1,000 local groups in every part of the country have set up their own machinery for supplying their homes, their farms, and their community with power needed for modern living and working.

Funds loaned by the Rural Electrification Administration are financing the building of the power lines which have brought light and progress into far corners of the American countryside. However, the responsibility for doing the job is being carried by the rural people themselves. They are conducting their own local electric systems on a self-supporting basis.

That 61 percent of the farms today have central station power as compared with less than 11 percent in 1935 is largely due to the signal initiative, ingenuity and cooperativeness of these rural citizens.

Determination of farm people to share in the benefits of the modern era of electricity, was, in fact, responsible for initiation of the whole rural electrification program a dozen years ago. At that time, the commercial power interests held that cheap power for farmers was visionary and impractical and that all farmers who could afford power were getting it already. American farmers refused to believe this or that they must accept a lower standard of living and more burdensome working conditions than urban dwellers.

When commercial power operators refused to undertake a thorough-going electrification program, farmers individually and collectively through their farm organizations called on their government for help. That is how the REA loan program came into being.

The farmers' efforts to improve their situation brought into being what is now the youngest member of the American cooperative family, the rural electric cooperatives. These cooperatives, vigorous and mature, took part in family councils, such as the American Institute of Cooperation meetings at Purdue last year and Fort Collins, Colorado, this year. They take pride in what they have accomplished so far, and they point to their record of progress since 1935. The rural electrification movement would not have gone as far as it has had it not been for their strength, independence and soundness.

Progress of rural electrification to date is a splendid justification of this trust which Congress placed in the ability of the local groups to run their own electric business on a self-supporting basis for the welfare of the whole rural community.

Although the latest rural electrification statistics dramatically demonstrate the progress of rural electrification and how much farm groups can accomplish if they work together with the necessary determination, they likewise show the magnitude of the job yet to be done.

Rural leaders cannot afford to be complacent about the progress of rural electrification to date or idly optimistic about the ease with which their future power needs will be met.

Commercial power interests are again spreading the word that the job of rural electrification is all but done. At the same time, there is a concerted drive to keep REA borrowers from building their own generating plants even when they cannot obtain the power they need at reasonable rates. In other instances, commercial companies build only in the most settled portions of the area. This leaves the farmers in outlying districts with impaired chances of getting electric service, since the co-op cannot afford to operate in an area from which the "cream" has been skimmed and the commercial company, operating for profit, has no incentive to carry its lines into areas where the immediate prospects for revenues are less.

Past experience has shown that an organization representing the entire community to be served -- either a co-op or a community body -- is best adapted to the job of bringing electric service to the whole rural community. This is not surprising for with such an organization, the first objective is service....

TEN YEAR SERVICE AWARDS, Hamilton (Ohio) Journal News, March 29, 1948  
--- The tenth anniversary of the Butler Rural Electric Cooperative will be celebrated Tuesday with six men, who have been leaders during that time, being presented ten-year service awards.

Ten successful years of brightening the lives of rural folks in Butler, Preble, Hamilton and Montgomery counties form the proud record of the cooperative. Ten years since its first electricity went out through its own power lines into the homes of charter members, a pioneer beginning with 280 miles of lines and 650 rural consumers.

Today the cooperative has 478 miles of power lines serving 1,627 rural consumers.



KAY ELECTRIC CO-OP CELEBRATES 10 YEARS OF OKLAHOMA SERVICE, Arkansas City (Okla.) Daily Traveler, January 24, 1948--Ten years of service to rural residents in Kay, Grant, Osage, Noble and Garfield counties in Oklahoma were observed Saturday by the Kay Electric Co-op...

"Electricity has not only brought comfort to all of us who now have it, but it's also been good business for us," says E. W. Higgins, president of the board of directors...

(Dozens of similar stories have been received-Editor)

# REA PRESS DIGEST

May 28, 1948

(All of the items digested in this issue deal with developments concerning the recent proposed sale of the Craig-Botetourt Electric Cooperative of New Castle, Virginia, to the Appalachian Electric Power Company. The items, arranged chronologically, give a reasonably complete picture of what occurred.)

## CO-OP OFFICER TERMS OFFER OF APPALACHIAN RIDICULOUS, Covington (Va.)

Virginian, May 13--- Clay D. Huffman, manager of the Craig-Botetourt Electric Cooperative...branded as "ridiculous" the offer made by the Appalachian Electric Power Company to buy lines and other electric facilities of the co-op.

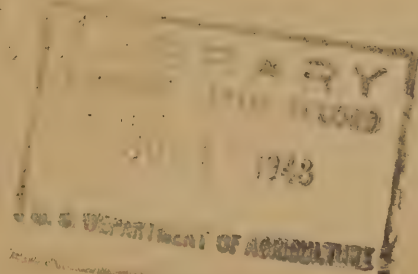
In a letter to officers of the cooperative last week, the power company offered \$690,020 for the cooperative system. Huffman said the offer did not include anything for the equity the 1,700 members have built up in the system and nothing for the greatly increased value of the lines constructed before and since the war...

"Even if the power company increased its offer, I do not think the members would approve a sale of their power system," Huffman said. "They will remember the days before the cooperative was organized when they were unable to get service from Appalachian at prices they could afford to pay.

..."Our members..know that should they sell they would have no assurance of any kind that rural electrification in our area would not revert to the kind of rural electrification that existed before the co-op started operation," Huffman continued.

"There are 1,300 farm families in our area still without electricity. The co-op is their best hope of getting it, for with Appalachian in control, they would have to pay minimum bills based on the mile of line per extension. The rate might easily be so high as to deny many of them electricity for many years to come.

"These people want and need power and in my opinion the present members and owners are not going to let them down."...





PLAIN TALK (The Fight Over Power,) Editorial The New Castle (Va.)

Record, May 13-- The Craig-Botetourt Electric Co-op and the Appalachian Electric Power Company, now fighting grimly over the issue of who is to serve 1700 power users in this and next-door counties, seem to agree on one point only: Each side says it does not wish to engage in controversy with the other. The statement cannot be sincere: Each knew, before the situation developed, that a scrap was what they were getting into...

The truth of the matter is that here in Craig County we have not just a little controversy involving hundreds of people and thousands of dollars, but a great, big nation-wide fight involving millions of people and millions of dollars. It began 12 years ago. Farmers, small communities, rural home-dwellers were crying for electricity; the only way it could be had was by paying dearly for lines, and very often it could not even be had then. The utilities just weren't interested. REA was set up ... to loan money for line construction to groups of contry... people who wished to take the matter of getting power into their own hands...

Alert companies like the AEP were not slow to follow (the cooperatives') lead. In this and many parts of the country, private power companies were inspired to get their own rural electrification program going...

The fight, in which Craig has become the latest battlefield, has been going on ever since. The power companies, regretting their lost opportunities, have tried to get them back; the Government, knowing that millions of homes still need electrification,... is determined not to permit a return to the days of high connection charges, high minimums and sectional monopoly....

Meanwhile, not all the cooperatives made good use of their opportunities. Some were ...community leaders; some were merely adequate sources of power; and a few were less than that. In the case of our own co-op, many things may contribute to unsatisfactory service and high rates; the fault may lie with its management. It may lie with a too-conservative board of directors to which the management is responsible. But certainly the chief fault has been indifference, laziness and short-sightedness on the part of the overwhelming majority of the members...

In the present wrangle, when each vote will be more important than ever, the alternatives being offered the membership are not adequate. They can do one of two things:

1. Elect a board of directors who will favor selling to AEP; this way, though they may get a rate reduction, they will lose control of their power supply. They will put themselves in the position of a man who owns his house, and sells it to someone else who will charge him rent for it.

2. Elect a board who will continue to operate the Co-op in much the way it has been operated.

We think that from members themselves must come a third and acceptable alternative. We think they should begin now to discuss among themselves who of their number could serve on a board of directors which could organize and run a business-like and community-building cooperative. Younger men, men of business ability..., and men who believe in the cooperative ideal--these are the ones who should be found...This is the course of action which will serve members and their neighbors; this is the course which will preserve the healthy competitive situation which means more and better electric service from both sides.

TIME TO SELL OUT, Editorial in The Roanoke (Va.) Times May 14---The REA, a federal agency, has lost no time in acting to save one of its affiliates, the Craig-Botetourt Electric Cooperative, from being gobbled up by what the New Dealers in Washington like to call the "power trust." On Tuesday, President Truman approved a Federal supplemental appropriation of \$175,000,000. The very next day REA, dipping into this huge fund, authorized a loan of \$362,000 to the Craig-Botetourt cooperative for purchase of the Meadow Creek Corporation's hydro-diesel generating plant and to improve and extend the Co-op's lines...This hasty action was designed, obviously, to head off purchase of the Co-op's facilities by the Appalachian Electric Power Company, whose \$620,090 offer to buy was inspired by certain dissatisfied Cooperative subscribers.

Under obvious prodding from Washington, the Co-op recently brought 60 linemen into its area from other Virginia cooperatives to speed up the extension of electricity to some 200 new customers prior to meetings of directors and subscribers later this month when a decision will be made on the Appalachian offer. A vote of two-thirds of the Co-op's members is necessary for approval of the sale and the addition of 200 grateful new members was calculated to strengthen materially the position of those opposed to accepting the Appalachian bid.

The Appalachian Electric Power Company can boast of little pioneering in the extension of electricity to the rural areas served by the Cooperative. Had not the REA sponsored the Craig-Botetourt organization, it is extremely doubtful whether many of the Co-op's customers would be enjoying the convenience and fruit of electric power today. However, there is more to the matter than that. The cooperative is relatively tax-free, Government financed organization that has not been able to pay its way. Its services and facilities are limited and its rates are considerably higher than those of the Appalachian. Even by bailing itself out temporarily with a new REA loan, the Co-op can not offer the same kind of service as cheaply as the Appalachian can assure.



It is highly questionable whether the Co-op will ever be able to repay the nearly \$1,000,000 in public money that it has now been permitted to borrow. The Craig-Botetourt Cooperative unquestionably has served a most useful and commendable purpose. But there is little justification for its continuance when a privately-owned, tax-paying, private enterprise is in a position to render a better service more economically to residents of the area. The Appalachian has offered to bail out the cooperative, enabling it to repay all the public money it has borrowed. The sale should be consummated and these public funds utilized in pioneering other rural areas still without electricity, the purpose for which, after all, REA was created. The Government has no place in business where private enterprise can render better service to the public at a lower cost.

EDITORIAL ON EDITORIALS, The New Castle (Va.) Record, May 20--- In the Electric Co-op Board of Directors meeting the other day, several of the directors expressed their surprise at an editorial statement made in The Roanoke Times to the effect that the extensive wiring projects now underway had been undertaken in order to secure votes in favor of the Co-op against the AEP. The others present agreed that such influencing of votes had been no part of their intention in ordering the work done--and that even if it had, it would be pretty silly since none of the new members will have a vote at the annual meeting; they will not have been certified by the board by then....

LETTERS TO THE EDITOR, The New Castle Record, May 20--- From the AEP:  
Dear Sir: On Thursday, May 13, you stated your position with respect to the proposals before the members of the Craig-Botetourt Electric Cooperative....

We deny the statement that we are engaged in a fight with the ... Co-op. The President of the Cooperative, and hundreds of members, have urged us to come to the assistance of the people in that area so that they might secure lower rates and better service...

At the beginning the negotiations were simply a business proposition by a group of Virginia citizens representing the Company and another group of citizens representing the Cooperative...

It would appear that if REA is sincere it would welcome the opportunity to recover the money that it has loaned to the Cooperative and to use it in other areas so as to give electric service to farmers and rural people who are now unable to attain service...

The Appalachian.. offers (the) individual member an immediate reduction in the "rental" for his electric service amounting to more than \$14.00 a year for the average member.



Your editorial says, "In the case of your own Cooperative many things may contribute to unsatisfactory service and high rates... but certainly the chief fault has been indifference...on the part of an overwhelming majority of members." We disagree strongly with the statement that your readers and the members of this Cooperative, are indifferent...They are mainly industrious farmers and their business is farming and not electricity. The lines of the cooperative stretch 500 miles and these people cannot be expected.. to run a business which is highly technical...Yours very truly, M.C. Funk, Vice Pres. and General Manager...

From a Member: Dear Editor: As the time of our annual meeting draws near...I would like to discuss this matter of selling with you...

Why should Craig-Botetourt be sold? What can be accomplished by its sale? How many people in Craig County would have had Electric Service, if it had not been for REA? The people here were not able to construct these lines so REA said, "We will loan you the money; you may pay it back in small payments..In order that you people who live in thinly settled rural areas may have the convenience of electric service." Remember how hard some people worked that we might have this service...

Should Appalachian obtain our power line, what will become of our neighbor who does not yet have electricity and is not financially able to pay for his line? If for no other reason that this, Craig-Botetourt should not be sold. This big power company had an opportunity to build rural lines, what is their record in the past on rural electric lines? How much of Craig, now being served by REA, would ever have had service from Appalachian? Now that we have the lines constructed, are getting some electrical appliances..., this company..wants to come in and reap the benefits at the expense of the members...

Should Appalachian get these lines, they are expecting to get the purchase price back in revenue from the customer. In other words, when the purchase price is paid, who will have paid it? Those who are now members of REA? But whose property will it be? If we can pay for it for Appalachian, why not pay for it and still own it?..

This is a wonderful investment for the children of tomorrow who expect to live and make their home in Craig County...Respectfully, W. Berlin Baker.



CO-OP DIRECTORS OKAY LOAN, The New Castle (Va.) Record, May 20--

Voltage ran high at the Craig-Botetourt Electric Cooperative Office Saturday as heavy charges crackled about the heads of a tense group of directors, met to approve the loan authorized by the membership months ago for improvement of present Co-op service.

Words like "propaganda"...were used freely by a host of visitors representing fellow electrical cooperatives in the State and REA in Washington seeking to counteract the effect of strenuous AEP efforts to convince the local membership and directors of the desirability of selling their property, while Board President L. R. Givens and Director W. O. Campbell defended the company's conduct stoutly.

Little time was spent on opening amenities before the discussion of the Appalachian's proposal became the sole topic...While the president kept reminding the meeting that this was not the purpose for which it had been called, the point was established by REA Attorney William Wise that approval of the loan could be interpreted as a rebuff of the power company while a decision to postpone discussion of it until election of a new board could only be construed as favorable to AEP's purpose...

By noon President Givens had decided that an executive session was needed to pass on the motion to approve the loan...

Applause greeted the announcement made at 2 P.M. that the loan had been approved by a vote of 4 to 3, and it was learned that the money would be used for a number of purposes including the construction of 60 miles of line and connection of 200 new members...;purchase and rehabilitation of the Meadow Creek Hydro-Electric Plant...

OPPOSITION TO SALE OF POWER CO-OP LEADING VOTE IN CRAIG, The Roanoke (Va.) Times, May 23, (by Bill Talbot from New Castle, Va.)---Last minute reports on voting conducted by members of the Craig-Botetourt Electric Cooperative...indicated an estimated 3 to 1 vote in favor of those nominated for the new board of directors who are opposed to sale of the cooperative's property to the Appalachian Electric Power Company of Roanoke.

This estimate of the vote count was made by Clay D. Huffman, cooperative manager. At 12:30 a.m. five tellers appointed by the present board, under the inspection of representatives from both sides of the sale issue, were still tabulating the votes of those present at the meeting...

The meeting was primarily called as a routine matter to elect a new board of directors for the next fiscal year. But offers of the AEPCO to buy the property heightened importance of the meeting to such an extent the election was considered by members an opportunity to express themselves as to how the Cooperative would operate in the future...



Members voted on the new board, not on their personalities or accomplishments, but as to how they stood on the proposition to sell...

Approximately 1700 managed to find a place in the hall...and by the time REA authorities began giving away prizes every available space for standing room was occupied...REA officials and AEPCO representatives milled around the registration table and through the crowd to oversee the tabulation of proxy votes and assure themselves that all preliminary statistical work was conducted according to Cooperative bylaws...

The meeting began at 12 p.m...From then on the meeting consisted of charges, countercharges and conflicting statements from all those who asserted themselves on the platform.

Principal address of the meeting was delivered by William J. Neal, Deputy Administrator of REA, who said that much of the material presented the Craig-Botetourt area relative to the sale does not create "a fair and true presentment of the situation and is not a proper basis for a decision."

In an interview before the meeting Neal said he had never experienced "such a forceful effort by any private utility to take over a...cooperative." He said the development of Buggs Island Power Project and increasing strength of cooperatives in Virginia.. were partly responsible for AEPCO's pressure to encourage the sale...

Clyde T. Ellis, Executive Manager of the NRECA claimed AEPCO officials went to the leaders of the cooperative to force the sale "and then pretended the leaders invited them to go to the people."

After lunch the members decided...that nominees for the board be required to state their position relative to the sale of the Cooperative's property...

The afternoon session was punctuated with instructions on proper Cooperative procedure by REA representatives, members of the Craig-Botetourt board and AEPCO sympathizers who thought the "whole thing should be done some other way." The audience anxiously awaited every statement from the platform and expressed themselves with loud cheers or boos whenever a key statement was made...



In a discussion period following the nomination..., Leonard G. Muse, of Fincastle, Attorney for AEPCO, presented his side of the situation as a holder of a proxy vote.

He denied with emphasis contentions previously made that AEPCO was forcing the members to sell...He called the sale a "mere business proposition" and said that he felt it was to the best interests of the members.

"The very minute Washington heard , there descended from Washington a board of administrators who have been running your cooperative for the past 'few weeks'," he exclaimed...

Editor's Note: (The count was completed about 5 a.m.; the slate of directors opposed to the sale was elected by an average vote of about 615 to an average of about 395 for those favoring the sale. Proxy votes were about evenly divided, considering only votes cast in person at the meeting. Candidates opposing the sale received from 297 to 325 votes, those favoring it from 103 to 114 votes.)